GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1663
ANSWERED ON:09.03.2007
CREDIT GUARANTEE FUND FOR STUDENTS
Jagannath Dr. M.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government/Reserve Bank of India(RBI) proposes to set up a `Credit Guarantee Fund` for the Students Educational Loan on the lines of one existing for Small Scale Industry to instill confidence among the bankers/banks in extending liberal education loans to students,particularly those belonging to economically backward, minorities and weaker sections; ,

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PA WAN KUMAR BANSAL)

(a), (b) & (c) : The proposal was examined and it was felt that it would be appropriate for banks to do their due diligence on education loan applications and pursue the recovery as per the repayment schedule of the loan given by the banks. This would also inculcate a credit culture among students seeking loans for education ;and would be a healthy trend in the long.